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AUDIT

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SCOTT M. STRINGER

BUREAU OF AUDIT

June 30, 2014

**By Electronic Mail**

Commissioner Jacques Jiha  
New York City Department of Finance  
1 Centre Street, 5<sup>th</sup> Floor  
New York, NY 10007

**Re: Final Letter Report on the New York City Department of Finance's Compliance with Local Law 36 (Audit Number 7R14-098AL)**

Dear Commissioner Jiha:

This Letter Report contains the findings of our audit of the compliance by the New York City Department of Finance ("DOF") with Local Law 36, which governs waste prevention, reuse, and recycling by City agencies. The objective of this audit is to determine if DOF is complying with the local law, which is intended to make City agencies, and ultimately the City as a whole, more sustainable through efforts that promote a clean environment, conserve natural resources, and manage waste in a cost-effective manner. In addition, in the course of the audit, we noted efforts made by DOF to follow additional recycling rules established by the Department of Sanitation for the City of New York ("DSNY") pursuant to Local Law 36. Our audit of DOF is one in a series of audits we are conducting of compliance with the local law.

**Background**

In 1989, New York City established Local Law 19, codified as Administrative Code §§ 16-301, *et seq.*, to establish an over arching "policy of the city to promote the recovery of materials from the New York City solid waste stream for the purpose of recycling such materials and returning them to the economy." The law mandates recycling in New York City by residents, agencies, institutions, and businesses, and includes a series of rules to guide implementation. Local Law 19 requires the City to establish environmental policies to conserve natural resources and manage waste in a sustainable and cost-effective manner.

In 2010, the City enacted Local Law 36 by which it amended the recycling provisions of Local Law 19 (Administrative Code § 16-307) to require each City agency to develop a waste prevention, reuse, and recycling plan and submit the plan to the DSNY for approval by July 1, 2011, and each year after. Local Law 36 also requires each agency to

designate a lead recycling or sustainability coordinator for the agency and, where the agency occupies more than one building, to designate an assistant coordinator for each building the agency occupies. By July 1, 2012, and in each year thereafter, the lead recycling coordinator for each agency is required to submit a report to the head of its agency and to DSNY “summarizing actions taken to implement the waste prevention, reuse, and recycling plan for the previous twelve-month reporting period, proposed actions to be taken to implement such plan, and updates or changes to any information included in such plan.”

In addition, Local Law 36 requires the Commissioner of DSNY to adopt, amend, and implement regulations governing recycling by City mayoral and non-mayoral agencies. DSNY is also responsible for consolidating the information contained in agency reports and including this information in the Department’s annual recycling report.

**Findings and Recommendations**

Our audit found that DOF generally complies with Local Law 36. DOF source-separates its recyclable materials; has designated a lead recycling/sustainability coordinator and assistant coordinators, and has established an agency waste prevention, reuse, and recycling plan. However, we found no evidence that DOF submitted its 2012 annual report to its Commissioner or to DSNY as required. Our findings are outlined in the table entitled Compliance Summary below.

<b>COMPLIANCE SUMMARY</b>		
<b>Local Law 36 Criteria</b>	<b>Compliance</b>	<b>Notes</b>
Recycles designated materials	Yes	Overall the program complied
Designates waste prevention, reuse and recycling coordinator	Yes	DOF designated a lead coordinator and assistant coordinators
Establishes a waste prevention, reuse and recycling plan by July 1, 2011	Yes	Plan was adequately supported
Submits annual report to agency head and DSNY commissioner	Partial	DOF did not submit the annual Report for fiscal year 2012

In addition to these findings, we observed that DOF has made additional efforts to address waste prevention, reuse, and safe handling of hazardous waste. DOF’s printers are double-sided by default and the cleaning products purchased for use in the office are green and environmental friendly. DOF also participates in a City-wide contract for hazardous waste pickups by an independent contractor and also participates in City-wide training for the safe handling of hazardous materials. These measures were taken in accordance with DSNY’s additional guidelines.

We recommend that DOF assess its plan each year and submit annual updates to its agency’s Commissioner and to DSNY.

**Scope and Methodology**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The scope period for this audit was July 1, 2011; the date Local Law 36 went into effect, through December 12, 2013, the last day of our fieldwork. Our methodology for this audit consisted of the following steps:

- We reviewed applicable laws, rules, policies, and procedures to determine our criteria in accordance with Local Law 36, including Local Law 19, Local Law 36, DSNY’s agency waste prevention, reuse and recycling plan template, and DSNY’s report submission form and implementation guidelines;
- We sent an electronic survey to DOF to determine if the agency met the key provisions of Local Law 36 reflected as the core criteria in the table below and analyzed the survey results and other additional materials provided by DOF;
- We requested and reviewed, as applicable, DOF’s waste prevention, reuse, and recycling plan, list of coordinators, and the agency’s 2012 and 2013 annual reports; and
- We conducted interviews with DOF’s recycling/sustainability coordinator to discuss the agency’s recycling and waste prevention efforts and visited DOF to verify it’s compliance with Local Law 36.

Based on our understanding of the Local Law 36 requirements, we outlined all the criteria necessary for agencies to be in compliance. The table below outlines agencies’ core criteria required to achieve compliance under Local Law 36. A summary of these core criteria forms the basis for the compliance summary reported for each audited agency.

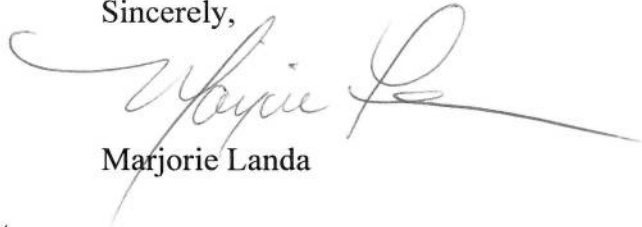
<b>CORE CRITERIA</b>	
<b>Compliance</b>	<b>Detailed Criteria</b>
<b>Recycling</b>	Agency source-separates recyclable materials
<b>Coordination</b>	Agency has a lead coordinator
	Agency has assistant coordinator(s) as applicable
<b>WPRR Plan</b>	Agency has a waste prevention, reuse and recycling plan
<b>Report to Agency Head and DSNY Commissioner</b>	Agency submitted 2012 report
	Agency submitted 2013 report

Because many agencies may have pursued initiatives beyond these core requirements, we recognized agencies' additional actions regarding recycling and sustainability. Our observations are based on the additional actions established DSNY in its waste prevention, reuse, and recycling plan implementation guidelines and other efforts taken by agencies.

The issues covered in this report were discussed with DOF officials during and at the conclusion of this audit. On June 17, 2014, we submitted a draft letter report providing DOF with an opportunity to formally respond. DOF's response was received on June 20, 2014. In its written response, DOF officials stated, "We agree that we should assess and submit our plan each year to our Commissioner and to DSNY before the deadline."

The full text for DOF's comment is attached as an addendum to this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Marjorie Landa", with a long horizontal flourish extending to the right.

Marjorie Landa

- c. Celia Carino, Director of Internal Audit
- Mindy Tarlow, Director, Mayor's Office of Operations
- George Davis, III, Deputy Director, Mayor's Office of Operations



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June 20, 2014

Ms. Marjorie Landa  
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City of NY Office of the Comptroller  
Municipal Building  
1 Centre Street  
Room 1100  
New York, NY 10007 -

RE: Draft Letter Report on the Audit of the Department of Finance's Compliance with Local Law 36 (Audit # 7R14-098AL)

Dear Deputy Comptroller Landa:

This letter serves as the Department of Finance ("DOF") response to the Comptroller's Draft Letter Report on the audit of DOF's compliance with Local Law 36 which governs waste prevention, reuse, and recycling by City agencies.

We appreciate the Comptroller's positive audit finding regarding DOF's overall compliance with Local Law 36 and that DOF's additional efforts to follow recycling rules have been recognized. The Comptroller's Office made one recommendation as follows:

**DOF should assess its plan each year and submit annual updates to its agency's Commissioner and to the Department of Sanitation for the City of New York (DSNY).**

*DOF agrees.* We agree that we should assess and submit our plan each year to our Commissioner and to DSNY before the deadline.

Thank you for the opportunity to respond to your Draft Letter Report. If you have any questions concerning our response to your audit findings, please let us know. Please contact Celia Carino, Director of Internal Audit at (212) 669-4458 or by email at [CarinoC@finance.nyc.gov](mailto:CarinoC@finance.nyc.gov).

Sincerely,

  
Marisa Caggiano

cc: George Davis III, Deputy Director, Mayor's Office of Operations  
Jacqueline James, Chief Financial Officer  
Sheila Williams, Senior Director, Facilities Management  
Celia Carino, Director of Internal Audit